



Namibia

Message from Peter Geleta

Navachab Gold Mine is situated 10 kilometres south-west of Karabib and 170 km north-west of the Namibian capital of Windhoek. Its name was taken from the farm on which the gold deposits were discovered. Navachab was brought into production in December 1989 and provides employment for approximately 300 people, the vast majority of whom are Namibian.

The employees of Navachab had much to be proud of in 2004. The mine performed exceptionally well on the safety front, achieving 270 shifts without a lost time injury and 17 million fatality free hours. We attribute our excellent safety record to our behaviour-based safety programme which the people have named OSTRICH (Observations Strive To Reduce Incidents and Change Habits).

Gold production and mining targets were achieved for 2004. The greatest success story for Navachab was the successful transition from contractor-mining to owner-mining operations during 2004. At the end of 2003, the decision was taken to take over the mining operations. This required a significant capital investment of over \$N100 million. The transition entailed the purchasing of new mining equipment, the recruitment and training of new operators, the upgrading of workshop infrastructure and the integration of the new mining structure as part of the Navachab team. This took place with great success and we now have our own mining fleet and a dedicated and highly motivated mining workforce.

We have a number of challenges that lie ahead for the mine in 2005. Some of our key challenges and objectives are:

- The launching of our BEE (Black Economic Empowerment) Charter. This underpins the mine's commitment to supporting local economic development
- Driving down our operational costs
- Significantly decreasing the operational risk associated with a single line crusher feeding system
- A year without a single lost time injury
- The implementation of training and development plans for all our staff with the aim of developing our most important resource, our people, to their fullest potential

Peter Geleta
Acting general manager,
Navachab



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About this report:

AngloGold Ashanti is committed to reporting to a broad range of stakeholders. In addition to its operational and financial performance the company also reports on its economic, social and environmental performance – the so-called triple bottom line.

This country profile forms part of a broader group Report to Society, which is available on the company's website, or from the contacts detailed below.

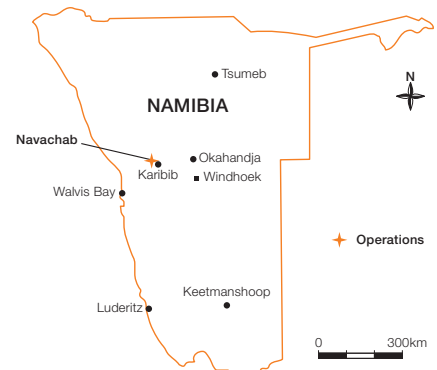
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2 | Introduction

The first gold-bearing quartz veins were discovered in Namibia in the Rehoboth district as early as 1899. Although many prospects opened up and were exploited in 1933 and 1934, all later closed down, mainly due to the low and erratic grade of the mineralisation. The Navachab gold deposit was discovered as a result of a geochemical exploration

programme in 1984 during exploration for carbonate-hosted gold deposits. Navachab has been in production since 1989, and is the only gold mine in Namibia. AngloGold's interest in Navachab dates back to 1998, when it bought a 70% stake in the mine. In 1999, it increased its stake from 70% to 100%.

Navachab

Ownership: Navachab is wholly-owned by AngloGold Ashanti

Location: Navachab is located near Karibib in Namibia, on the southern west coast of Africa.

Mining and processing: Navachab mine is an open-pit mine. Its processing plant, with a production capacity of 110,000 tonnes per month, includes mills, carbon-in-pulp (CIP) and electrowinning facilities.

Geology: The Navachab deposit is hosted by Damaran green schist/ amphibolite facies, calc-silicates, marbles and volcanoclastics. The rocks have been intruded by granites, pegmatites and (quartz-porphphy dykes) aplite and have also been deformed into a series of alternating dome and basin structures. The mineralised zone forms a sheet-like body which plunges at an angle of approximately 20° to the north-west. The mineralisation is predominantly hosted in a sheeted vein set (±60%) and a replacement skarn body (±40%). The gold is very fine-grained and associated with pyrrhotite, and minor to trace amounts of pyrite, chalcopyrite, maldonite and bismuthinite. Approximately 80% of the gold is free milling.

Performance: Gold production for the year amounted to 67,000 ounces, down by 8% on 2003. Total cash costs, at \$348 per ounce, were 27% higher than the previous year, largely due to the weaker dollar, higher diesel prices and lower grades. Capital expenditure of \$21 million was significantly higher than the previous year owing to the transition to owner-mining.

Government remittances: Navachab's obligations for the year amounted to \$410,000 in corporate taxes.

Note: Unless otherwise specified, \$ or US\$ refers to US dollars

Navachab			
		2004	2003
Gold production	000oz	67	73
Total cash costs	N\$/oz	2,158	1,699
	\$/oz	348	274
Total production costs	N\$/oz	2,411	1,835
	\$/oz	389	296
Capital expenditure	N\$ million	130	12.4
	\$ million	21	2
Total number of employees		251*	389
Employees		251	180
Contractors		-	209

*No mining labour, contract or otherwise, was on site during the first half of 2004.

Growth prospects: In the short term, mining of shallow ore adjacent to the EZ3 pit will enhance growth; in the longer term a potential pit expansion to access footwall mineralisation is being considered. Several brownfields prospects are located within a trucking distance to the pit and are currently under investigation.

Outlook: Gold production is expected to rise to 80,000 ounces in 2005, at a total cash cost of \$277 per ounce. Capital expenditure should decline by 96% to \$1 million.



Mineral resources and ore reserves

Mineral resources and ore reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), together with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code). Mineral resources include the ore reserve component.

AngloGold Ashanti had mineral resources of 218.2 million ounces and ore reserves of 78.9 million ounces as of 31 December 2004. Of these, the Namibian operations accounted for mineral resources of 5.2 million ounces and ore reserves of 0.5 million ounces.

		Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
Mineral resources (as at 31 December 2004)							
Navachab	Measured	9.2	0.73	6.7	10.1	0.021	0.2
	Indicated	63.0	1.30	81.7	69.4	0.038	2.6
	Inferred	65.6	1.13	74.4	72.3	0.033	2.4
	Total	137.7	1.18	162.8	151.8	0.034	5.2
Ore reserves (as at 31 December 2004)							
Navachab	Proved	0.9	1.09	1.0	1.0	0.032	0.0
	Probable	6.9	2.06	14.2	7.6	0.060	0.5
	Total	7.9	1.94	15.3	8.7	0.057	0.5

Community

Namibia, which falls under AngloGold Ashanti's East and West Africa region, has developed a regional strategic plan to guide social investment and community issues.

This regional strategic plan and environmental operating practices manual covers aspects such as legal and corporate governance, sustainable development, social investment, partnerships, procurement, stakeholder planning, land management and rehabilitation, media strategy and reporting, among others. In addition to the internal monitoring of compliance with these guidelines, regular socio-economic impact studies are conducted by independent consultants.

Social investment initiatives are aimed at making both a practical and meaningful contribution in those areas of greatest need. A fundamental philosophy of the group is that its operations and activities should contribute towards the long-term sustainable development of its host communities. This is particularly challenging for sometimes short-lived mining operations or exploration projects, particularly when there is a short window of opportunity to make an impact.

A number of ways in which that be achieved, however, are:

- support through local procurement activities;
- the contribution of redundant assets to the community;
- assistance with the establishment and development of small to medium-sized sustainable enterprises; and
- the outsourcing of the provision of goods and services to local vendors where appropriate.

N\$1,593,000 million (US\$257,000) was spent on social investment initiatives by Navachab in 2004. The focus of funding is the Karibib Private School which is a centre of educational excellence in the area, alongside other smaller donations. In addition, two agricultural projects have been identified at Karibib and Usakos.

Programmes are in place to support local procurement as far as this is possible.

Occupational safety and health

The group's values and business principles on safety and health and accompanying safety and health policy are minimum guidelines for this purpose. Regions and operations are encouraged to develop their own specific principles, guidelines and policies in line with local conditions and legislation.

AngloGold Ashanti is committed to complying with all relevant laws, regulations and standards applicable to the countries in which its operations are located. Where these are perceived to be inadequate, the company will adopt standards reflecting good practice.

Effective communication is an important adjunct to safety management, not only to disseminate knowledge, but also to ensure that employees are aware of their own responsibilities. Union and other

employee representatives attend safety meetings on a regular basis, following a health and safety agreement which was concluded in 1997.

During 2004 Navachab mine maintained its Nosa four star status, achieving an 84% audit result, an improvement on the previous year. It achieved a lost time injury frequency rate (LTIFR) of 0.90 per million man hours, down from 3.60 per million man hours in 2003.

This year a range of safety training courses were undertaken. These included safety induction, Nosa-related courses, incident investigation training, risk assessment training, cyanide basic awareness and intermediate training, safety representative training and defensive driving training

4 Labour

The group is committed to upholding the Fundamental Conventions of the International Labour Organization (ILO) and seeks to ensure fair employment practices group-wide. The group's business principles underpin this commitment, and reflect the spirit of the Universal Declaration and the Fundamental Human Rights Conventions of the ILO. By virtue of its domicile in South Africa, AngloGold Ashanti is subject to certain conventions signed by the South African government. These include human rights and social conventions (ILO 29, 87, 98, 100, 105, 111 and 138).

AngloGold Ashanti's broader human resources strategy seeks to promote an organisational culture that recognises the diversity of the societies within which the company conducts its business, and which affords all employees the development opportunities that will enable them to achieve their optimal levels of career development in the course of their employment with the company.

At the end of 2003, Navachab mine terminated its relationship with its mining contractor and transferred to owner mining. A total of 251

people are currently employed at the mine. Labour practices have been aligned with local legislation. A recognition agreement is in place, signed with the Mineworkers Union of Namibia (MUN) of which 75% of the workforce are members. The MUN meets regularly with management. Safety representative committees and joint health and safety structures are also in place.

Preference is given to Namibian citizens to encourage localisation of the workforce. Senior employees are developed through the company's Management Development Programme (MDP) and Intermediate Management Development Programme (IMDP). Through Navachab's bursary scheme, three students were awarded bursaries in 2004 to study mining engineering, geology and chemical engineering respectively. The mine is to sponsor a further four students to study at Cape Town University and the University of Pretoria in 2005.

Cultural diversity programmes are run aimed at creating cultural awareness, promoting diversity and developing cross-cultural understanding.

Environment

AngloGold Ashanti's environmental philosophy and practice is guided by the group's business principles and environmental policy. The latter was reviewed in 2004 following the business combination between AngloGold and Ashanti. Business operations are subject to the environmental laws, rules and regulations of the various countries in which they operate. Where no such laws exist or where these laws are perceived to be inadequate, the operations are guided by the company's business principles and deemed good practice.

Environmental management systems (EMSs) form the backbone of environmental management at an operational level.

In all the jurisdictions in which the group operates the company is required to provide financial assurance – in a form prescribed by law – to cover some or all of the cost of the anticipated closure and rehabilitation costs for the operation.

Closure plans are devised prior to the commencement of operation and are regularly updated based on life-of-mine projections. Although the final cost that will be incurred at closure is not definite, ample provision is thus made during mine life. Closure liabilities for Navachab currently amount to US\$2.7 million.

An Environmental Impact Assessment (EIA) was performed at Navachab where a new earth-moving equipment workshop was established as part of the transition to owner mining.

To assist land rehabilitation, some N\$2.5 million has been spent for rock storage facilities and topsoil cladding during the decommissioning of the old Tailings Storage Facility (TSF).

The use of cyanide for the recovery of gold is a core issue for the gold mining industry and is critical to its viability. Yet, its potential impact on the environment is one of the most controversial and debated issues for legislators, environmentalists and other groups. AngloGold Ashanti has been actively involved in the development of the International Cyanide Management Code and has adopted published protocols and standards of practice for cyanide management. Substantial progress has been made with its implementation.

In line with the company's commitment to communication, awareness and public participation, Navachab management met with interested and affected parties on 18 November 2004 to discuss plans for compliance with the International Cyanide Protocol (which AngloGold Ashanti adopts as the standard for cyanide management) and the mine closure plans.

